

Service Date: September 30, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of ) UTILITY DIVISION  
MONTANA-DAKOTA UTILITIES, INC. )  
for Authority to Establish Permanent ) DOCKET NO. 85.7.30  
Increased Rates for Gas Service in )  
the State of Montana. ) ORDER NO. 5160c

APPEARANCES

FOR THE APPLICANT:

John Alke, Hughes, Kellner, Sullivan and Alke, Attorneys at Law,  
406 Fuller Avenue, Helena, Montana 59624

Cynthia J. Norland, Attorney, MDU Resources Group, Inc., 400  
North Fourth Street, Bismarck, North Dakota 58501

FOR THE MONTANA CONSUMER COUNSEL:

James C Paine, Montana Consumer Counsel, 34 West Sixth Avenue,  
Helena, Montana 59620, appearing on behalf of the consuming  
public of the State of Montana

FOR THE INTERVENORS:

C. W. Leaphart, Jr., Attorney at Law, The Leaphart Law Firm, 1  
North Last Chance Gulch, \$6, Helena, Montana 59601, appearing on  
behalf of Western Sugar Company

FOR THE COMMISSION:

Robert A. Nelson, Staff Attorney

BEFORE:

TOM MONAHAN, Presiding

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

DANNY OBERG, Commissioner

#### FINDINGS OF FACT

1. On July 19, 1985, the Montana-Dakota Utilities Company (MDU, Company, or Applicant) filed an application with the Commission seeking a general rate increase for gas service. MDU requested an increase in annual revenues in the amount of \$5,219,108.

2. On June 2, 1986, the Commission approved Order No. 5160a in this Docket, which granted MDU an increase in annual revenues in the amount of \$4,023,736.

3. Included in the Order section of Order No. 5160a, Paragraph No. 2, was the following:

The Commission reserves final ruling with respect to rate base exclusion of unamortized gain on reacquired debt in the amount of \$205,371, pending final disposition of Supreme Court Docket No. 85-488. Return collected on this amount is subject to refund back to October 28, 1985.

4. On September 11, 1986, the Montana Supreme Court decided Docket No. 85-488. In that decision, inter alia, the Court reversed the order of the District Court and upheld the Commission on the question of proper rate making treatment of unamortized gain on reacquired debt from Commission Docket No. 83.8.58.

5. Based on this decision of the Montana Supreme Court concerning

the proper rate making treatment of unamortized gain on reacquired debt, the Commission now makes a final ruling on that issue in Docket No. 85.7.30. The Commission finds, therefore, that the approved annual revenue increase of \$4,023,736 should be reduced by \$36,007 to reflect the elimination of the amount of unamortized gain on reacquired debt from rate base, resulting in an adjusted approved annual revenue increase of \$3,987,729. This adjusted annual revenue increase reflects a rate base reduction of \$205,371 and related tax effects in the calculation of interest synchronization.

#### CONCLUSIONS OF LAW

1. The Applicant, Montana-Dakota Utilities Company, furnishes natural gas service to consumers in Montana, and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission. S69-3-101, MCA.

2. The Commission properly exercises jurisdiction over the Applicant's rates and operations. S69-3-102, MCA, and Title 69, Chapter 3, Part 3, MCA.

3. The Commission has provided adequate public notice of all proceedings and opportunity to be heard to all interested parties in this Docket. Title 2, Chapter 4, MCA.

4. The rate level and rate structure approved herein are just, reasonable, and not unjustly discriminatory. S69-3-330, MCA.

#### ORDER

1. The Montana-Dakota Utilities Company shall file rate schedules which reflect increased annual revenues of \$3,987,729 in lieu of, rather than in addition to, the final rates approved in Order No. 5160a of this Docket.

2. The refund associated with the unamortized gain on reacquired debt shall be credited uniformly to MDU's residential customers as a one-time credit to the next bill received by each residential customer.

3. All motions and objections not ruled upon are denied.

4. Rate schedules filed shall comport with all Commission determinations set forth in this Order.

5. This Order is effective for services rendered on and after October 1, 1986.

DONE AND DATED this 29th day of September, 1986, by a 5- 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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TOM MONAHAN, Commissioner

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DANNY OBERGG, Commissioner

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JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell  
Acting Secretary  
(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.